



BlueCross BlueShield
of Texas

APPLICATION FOR STOP LOSS COVERAGE

Employer Group Name: City of Laredo
Employer Group Address: 1110 E. Houston Street
City: Laredo **State of Situs:** Texas **Zip Code:** 78040-8019
Account Number: 099218
Employer Group Number(s): 099218
Effective Date of Policy: 10/1/2013
Policy Period: These specifications are for the Policy Period commencing on 10-1-2013 and ending on 9-30-2014

The specifications below shall become effective on the first day of the Policy Period specified above and shall continue in full force and effect until the earliest of the following dates: (1) The last day of the Policy Period; (2) The date the Policy terminates; or (3) The date this Application for Stop Loss Coverage (herein called the "Application") is superseded in whole or in part by a later executed Application.

A. Aggregate Stop Loss Insurance: ☒ Yes ☐ No

If yes, complete items 1 through 9 below.

1. ☐ New Coverage ☒ Renewal of Existing Coverage

2. Stop Loss Coverage Period:

☐ New Coverage (Select one from below):

☐ Standard: Claims incurred and paid during the Policy Period.

☐ "Run-in" included: Claims incurred on or after _____ and paid during the Policy Period.

"Run-in" includes claims paid by Policyholder's prior claim administrator: Yes ☐ No ☐

If yes, such claims must be reported by the Policyholder to the Company (Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company) within 12 months of the Policy Effective Date and paid by the Policyholder's prior claim administrator within 6 months after the Policy Effective Date.

☒ Renewal of Existing Coverage:

Claims incurred on or after the original Effective Date of Policy and paid during the Policy Period.

3. Aggregate Stop Loss Insurance shall apply to:

☒ Medical Claims

☒ Outpatient Prescription Drug Claims

☐ Dental Claims

☐ Other (please specify): _____

A Division of Health Care Service Corporation, a Mutual Legal Reserve Company
an Independent Licensee of the Blue Cross and Blue Shield Association

4. Average Claim Value: \$548.48 per Employee
Attachment Factor: 125% of the Average Claim Value

5. Aggregate Claim Liability and Run-Off Claim Liability Factors

- a. Employer's Claim Liability for each Policy Period shall be the sum of the Monthly amounts obtained by multiplying the number of Coverage Units for each Month by the following factors:

\$685.60 for each Employee Coverage Unit

\$685.60 for each Employee/Family Coverage Unit

Please use the continuous text field directly below for any other structure (leaving the fields above blank).

Note: you can use the "return" key to create additional rows, if needed:

\$ _____

- b. Employer's Run-Off Claim Liability shall be calculated by multiplying the sum average of all Coverage Units during each of the three calendar Months immediately preceding termination by the factors shown below. Settlement for the final accounting period will be described in the section of the Policy entitled SETTLEMENTS, Run-Off Period subsection of the Policy.

\$206.96 for each Employee Coverage Unit

\$206.96 for each Employee/Family Coverage Unit

Please use the continuous text field directly below for any other structure (leaving the fields above blank).

Note: you can use the "return" key to create additional rows, if needed:

\$ _____

6. CAP Arrangement ☐ Yes ☒ No

7. Aggregate Stop Loss Claims

- a. The amount of Paid Claims during the current Policy Period, less:

i. Individual (Specific) Stop Loss Claims

ii. Any claims in excess of the Individual (Specific) Stop Loss Claims per Covered Person per Lifetime Maximum

iii. Any claims in excess of the Individual (Specific) Stop Loss Claims maximum Point of Attachment

that exceeds the Aggregate Point of Attachment. The Aggregate Point of Attachment shall equal the sum of the Employer's Claim Liability amounts calculated Monthly as described in Item 5.a. above for the indicated Policy Period.

- b. In the event of termination at the end of a Policy Period, the Final Settlement Aggregate Point of Attachment shall equal the sum of the Employer's Claim Liability amount for the Final Policy Period and the Employer's Run-Off Claim Liability calculated as described in item 5.b. above. However, for the indicated Policy Period the minimum Aggregate Point of Attachment shall be \$18,785,166.

- c. Aggregate Stop Loss Claims shall not exceed a lifetime maximum of \$20,872,406 for the indicated Policy Period.

8. Premium (Select one):

☐ Annual Premium (Due on the first day of the Policy Period): \$ _____.

☒ Monthly Premium shall be equal to the amounts obtained by multiplying the number of Coverage Units for a particular Month by

\$1.97 for each Employee Coverage Unit

\$4.93 for each Employee/Family Coverage Unit

Please use the continuous text field directly below for any other structure (leaving the fields above blank). Note: you can use the "return" key to create additional rows, if needed:

9. The premium is based upon a current membership of 1,326 Individual Coverage Units and 1,211 Family Coverage Units.

B. Individual (Specific) Stop Loss Insurance: ☒ Yes ☐ No

If yes, complete items 1 through 6 below.

1. ☐ New Coverage ☒ Renewal of Existing Coverage

2. Stop Loss Coverage Period:

- ☐ New Coverage (Select one from below):

☐ Standard: Claims incurred and paid during the Policy Period.

☐ "Run-in" included: Claims incurred on or after _____ and paid during the Policy Period

"Run-in" includes claims paid by Policyholder's prior claim administrator: Yes ☐ No ☐

If yes, such claims must be reported by the Policyholder to the Company (Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company) within _____ months of the Policy Effective Date and paid by the Policyholder's prior claim administrator within _____ months after the Policy Effective Date.

- ☒ Renewal of Existing Coverage:

Claims incurred on or after the original Effective Date of Policy and paid during the Policy Period.

3. Individual (Specific) Stop Loss Insurance shall apply to:

- ☒ Medical Claims
☒ Outpatient Prescription Drug Claims
☐ Dental Claims
☐ Vision Claims
☐ Other (please specify): _____

4. Individual (Specific) Stop Loss Claims

- a. For NA who is identified by the health identification (ID) number NA, the amount of Paid Claims during the current Policy Period in excess of the Individual Point of Attachment of \$NA. Such amount shall apply for the Policy Period.
- b. For each other Covered Person:
The amount of Paid Claims during the current Policy Period in excess of the Individual Point of Attachment of \$200,000 per Covered Person but not to exceed a maximum Point of Attachment of \$ UNLIMITED per Policy Period. Paid Claims in excess of the maximum point of attachment shall not be eligible to satisfy the Aggregate Point of Attachment. Such amount shall apply for the Policy Period.
- c. Covered Person per Lifetime Maximum:
The Individual (Specific) Stop Loss Claims shall not exceed UNLIMITED per Covered Person per Lifetime. Paid Claims in excess of the Covered Person per Lifetime Maximum shall not be eligible to satisfy the Aggregate Point of Attachment.

Point of Attachment ☒ Includes Claim Administrator's Provider Access Fee
☐ Excludes Claim Administrator's Provider Access Fee

5. Premium (select one):

☐ Annual Premium (Due on the first day of the Policy Period): \$_____.

☒ Monthly Premium shall be equal to the amounts obtained by multiplying the number of Coverage Units for a particular Month by

\$20.21 for each Employee Coverage Unit

\$50.73 for each Employee/Family Coverage Unit

Please use the continuous text field directly below for any other structure (leaving the fields above blank). Note: you can use the "return" key to create additional rows, if needed:

\$_____

6. The premium is based upon a current membership of 1,326 Individual Coverage Units and 1211 Family Coverage Units.

Additional Provisions:

The undersigned person represents that he/she is authorized and responsible for purchasing stop loss coverage on behalf of the Employer Group. It is understood that the actual terms and conditions of coverage are those contained in this Application the Stop Loss Coverage Policy into which this Application shall be incorporated at the time of acceptance by Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company ("HCSC"). Upon acceptance, HCSC shall issue a Stop Loss Coverage Policy to the Employer Group. Upon acceptance of this Application and issuance of the Stop Loss Coverage Policy, the Employer Group shall be referred to as the "Policyholder."

Donald Coronado
Sales Representative

Benjamin Young
Name of Underwriter


Signature of Authorized Purchaser

City Manager
Title of Authorized Purchaser

September 30, 2013
Date

INTERNAL USE ONLY	Date Application approved by Underwriting:
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